

SENATE RECORD VOTE ANALYSIS

106th Congress
2nd Session

Vote No. 33

March 2, 2000, 9:03 p.m.
Page S-1104 Temp. Record

AFFORDABLE EDUCATION ACT/Final Passage

SUBJECT: Affordable Education Act of 1999 . . . S. 1134. Final passage, as amended.

ACTION: BILL PASSED, 61-37

SYNOPSIS: As passed, S. 1134, the Affordable Education Act of 1999, will enact numerous tax benefits to improve education, including that it will allow tax-free expenditures from education savings accounts (ESAs) for elementary and secondary school expenses and will increase the maximum annual amount of contributions to such accounts from \$500 to \$2,000. The bill will provide total tax relief of \$21.342 billion through fiscal year (FY) 2010; no new taxes will be imposed (see vote No. 24). Details are provided below (tax relief estimates are all through FY 2010).

- Education Savings Accounts (ESAs; also called education IRAs; tax relief: \$5.057 billion). The annual contribution limit will be raised permanently (see vote No. 24) from \$500 to \$2,000. The definition of "qualified education expenses" will be expanded to include the costs of elementary and secondary education, and such expenses will include the costs of tutoring, tuition, home schooling, books, supplies, special needs services, and computers and other equipment purchased in connection with the enrollment or attendance of a student in a private or public school. They will also include the costs of room and board, uniforms, transportation, and supplementary items (including after-school care) required or provided by a school for enrollment or attendance. The age limits for contributing to an ESA for a special-needs individual (age 18) and for making distributions from an ESA for a special-needs individual (age 30) will be removed. Corporations and other entities (such as charities) will be permitted to make contributions to ESAs regardless of their reported income. Contributions for individual tax filers will be phased out ratably between \$95,000 and \$110,000 and for married joint filers between \$190,000 and \$220,000 (see vote No. 22).

- Qualified State Tuition Programs (tax relief: \$1.191 billion). Amounts distributed under a qualified State tuition program for the qualified education expenses of attending a college, university (including graduate school), or vocational school will not be included in the gross income of the contributor (or the beneficiary) for tax purposes. The exclusion will continue to apply in any case in which a HOPE or Lifetime Learning credit is also claimed on behalf of a student (see vote No. 24). The special coordination rule between qualified tuition programs and the HOPE and Lifetime Learning credits will be made permanent.

- Employer-Provided Educational Assistance (tax relief: \$7.424 billion). The tax-free treatment of employer-provided educational

(See other side)

YEAS (61)			NAYS (37)			NOT VOTING (2)	
Republicans (52 or 96%)		Democrats (9 or 20%)	Republicans (2 or 4%)	Democrats (35 or 80%)		Republicans (1)	Democrats (1)
Abraham	Helms	Biden	Chafee	Akaka	Kerry	McCain ²	Inouye ²
Allard	Hutchinson	Breaux	Jeffords	Baucus	Landrieu		
Ashcroft	Hutchison	Byrd		Bayh	Lautenberg		
Bennett	Inhofe	Cleland		Bingaman	Leahy		
Bond	Kyl	Feinstein		Boxer	Levin		
Brownback	Lott	Kerrey		Bryan	Lincoln		
Bunning	Lugar	Kohl		Conrad	Mikulski		
Burns	Mack	Lieberman		Daschle	Moynihan		
Campbell	McConnell	Torricelli		Dodd	Murray		
Cochran	Murkowski			Dorgan	Reed		
Collins	Nickles			Durbin	Reid		
Coverdell	Roberts			Edwards	Robb		
Craig	Roth			Feingold	Rockefeller		
Crapo	Santorum			Graham	Sarbanes		
DeWine	Sessions			Harkin	Schumer		
Domenici	Shelby			Hollings	Wellstone		
Enzi	Smith, Bob			Johnson	Wyden		
Fitzgerald	Smith, Gordon			Kennedy			
Frist	Snowe						
Gorton	Specter						
Gramm	Stevens						
Grams	Thomas						
Grassley	Thompson						
Gregg	Thurmond						
Hagel	Voinovich						
Hatch	Warner						

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

assistance will be made permanent for both undergraduate and graduate assistance.

- Other Educational Tax Relief Assistance. The current-law, 60-month limit on claiming an above-the-line deduction for interest paid on qualified education loans will be repealed and qualified individuals will be allowed to take a deduction for all interest paid, subject to current-law maximum deduction limits (tax relief: \$911 million). The marriage penalty as it applies to the education loan interest deduction will be eliminated (tax relief: \$966 million). The 2-percent floor on miscellaneous itemized deductions for qualified professional development expenses of elementary and secondary school teachers will be eliminated (tax relief: \$391 million; see vote No. 16). An income tax credit will be given to elementary and secondary school teachers who use their own money to buy classroom materials (tax relief: \$3.756 billion; see vote No. 16). The income tax deduction for computer donations to schools will be expanded and a credit will be given for donated computers (tax relief: \$405 million; see vote No. 18).

- Public School Construction (tax relief: \$1.194 billion). The "small issuer exception" for government bonds will be increased from the current \$10 million to \$15 million for any local government that issues at least \$10 million in bonds for school construction. The definition of private activity bonds will be expanded to include elementary and secondary public school facilities that are owned by private, for-profit corporations pursuant to public-private partnership agreements with State or local education agencies.

- Miscellaneous. The Transition to Teaching Act will be authorized. The Secretary of Health and Human Services will conduct a study on child poverty (see vote No. 20). The Careers to Classrooms program will be authorized. It is the sense of the Senate that when the Senate considers the reauthorization of the Safe and Drug-Free Schools Program it should target the elimination of illegal drugs and violence in our schools and should encourage local schools to insist on zero-tolerance policies towards violence and illegal drug use (see vote No. 26). Grants will be authorized for reducing violence at schools, including gun-related violence (see vote No. 32).

Those favoring final passage contended:

We enthusiastically support this bill. It will provide a modest tax benefit that will result in education savings accounts for K-12 education expenses for some 20 million children--half of all kids in America will benefit. When we began debate on the bill, the ESA tax relief would have expired in 2003, but would still have resulted in savings of \$12 billion based on just \$1.2 billion in tax relief. As amended, the bill will give about 4 times as much ESA tax relief, so the amounts that Americans will save will also grow tremendously. We know that this bill will pass the House by a large margin and that we will be able to present it to the President for his signature before the end of this year. Unfortunately, we expect that he will veto it, because the Clinton-Gore Administration, and a majority of Democrats, remain captive to the lawyers lobby and to teachers unions, both of which oppose this bill. Liberal lawyers dislike it because they think it would be unconstitutional to allow families to use their tax relief--their own money--to pay for religious educations. Teachers unions object to the bill because they fear that parents will use their tens of billions of dollars in savings to take their kids out of unionized, dangerous, failing public schools and put them into non-unionized, safe, and succeeding private schools, and some unionized teachers may then lose their jobs. Lawyers are the single largest source of reported campaign funds for electing Democrats, and unions match all reported Democratic campaign spending with campaign spending on behalf of Democrats that does not have to be reported. Thus, it is not all that surprising that these two dominant special interest groups of the Democratic Party have managed to get elected a number of politicians who share their antipathy to this reform bill. We add that we are deeply appreciative of the courage of those Democratic Senators who have been willing to tell their close allies in the legal profession and in unions that on this issue they are wrong--this bill does not unconstitutionally entangle religion and the state because parents are making their own decisions with their own money, and it is not a threat to unionized schools because the vast majority of the people who use ESAs will continue to send their children to the public schools. Both public schools and private schools will benefit. Most importantly, 20 million children will benefit.

Opponents of this bill cannot very well admit that they are opposed to it because they are upset at the idea of parents using their own money to send their kids to parochial schools, nor can they admit that they want to deny this tax relief to American parents because it may lead to children fleeing dangerous, failing schools that are dominated by their union friends. Therefore, they have been left to fabricate the claim that only "rich" kids will benefit. They know that more than 70 percent of the benefits will go to families with incomes under \$75,000 per year, and they know that eligibility for ESAs will be phased out for higher income taxpayers. Of course, those facts do not bother our colleagues. For many Democrats, the definition of a rich person is anyone they want to tax. For instance, we well remember when they said senior citizens were "wealthy" and needed to be taxed more if they had incomes of more than \$25,000 (see 103rd Congress, 1st session, vote Nos. 57 and 169).

This bill's merits are huge and the arguments against it are weak. Sooner or later we are confident that it will pass. We vow to continue bringing this bill before the Senate until we succeed in enacting this education tax relief for American families.

Those opposing final passage contended:

Approving education savings accounts will primarily help rich kids who go to private schools. Such kids do not need help. Further, this bill will allow ESAs to be used to pay for religious educations, which we believe raises troubling constitutional questions regarding the separation of church and state. Instead of giving tax relief with this bill, we should be keeping the money and spending it to build new public schools, to hire new teachers, and to engage in similarly worthwhile activities.